

ALTERNATIVE AGREEMENT REGARDING SETTLEMENT AGREEMENT AND MUTUAL RELEASE

This Alternative Agreement Regarding Settlement Agreement and Mutual General Release (this "Agreement") is entered into as of July 15, 2011 by and between Community Health Councils, Inc., Natural Resources Defense Council, Mark Salkin, the City of Culver City (the "City"), Citizens Coalition for a Safe Community and Concerned Citizens of South Central Los Angeles (collectively, the "Petitioners") and the County of Los Angeles (the "County"). All parties to this Agreement may be referred to herein as Parties or Party.

RECITALS

- A. This Agreement is entered into with respect to the following four consolidated cases (collectively, the "Consolidated Cases"), each of which was filed in the Superior Court of the State of California, County of Los Angeles:
- i. Lead case *Community Health Councils, Inc., Natural Resources Defense Council and Mark Salkin, petitioners, v. County of Los Angeles, respondents, and Plains Exploration and Production Company, et al., real parties in interest* (Case No. BS118018);
 - ii. *City of Culver City, petitioner and plaintiff, v. County of Los Angeles, Los Angeles County Board of Supervisors, respondents, and Plains Exploration and Production Company, et al., real parties in interest* (Case No. BS118023);
 - iii. *Concerned Citizens of South Central Los Angeles, petitioner, v. County of Los Angeles, respondents, and Plains Exploration and Production Company, et al., real parties in interest* (Case No. BS118039); and
 - iv. *Citizen's Coalition for a Safe Community, petitioner, v. County of Los Angeles, Board of Supervisors of the County of Los Angeles, respondents, and Plains Exploration and Production Company, et al., real parties in interest* (Case No. BS118056).
- B. On October 28, 2008, the County, by and through its Board of Supervisors (the "Board"), approved the Baldwin Hills Community Standards District (the "CSD"), an amendment to its zoning code establishing development standards and operating procedures for oil and gas production operations for the unincorporated portion of the Inglewood oil field (the "Oil Field") located in the Baldwin Hills Zoned District, which took effect on or about December 1, 2008 and remains in effect. The Board certified the Final Environmental Impact Report (the "EIR") for the proposed CSD on October 21, 2008. Plains Exploration and Production Company ("PXP") had filed an application for establishment of the CSD pursuant to Title 22 of the Los Angeles County Code (the "County Code").
- C. Petitioners filed the petitions for writs of mandate identified in paragraph A above under the California Environmental Quality Act ("CEQA") challenging, among other things,

the adequacy of the EIR and the Board's approval of the CSD, naming the County or the County and the Board as Respondents and PXP as Real Party in Interest.

- D. The Parties desire to resolve certain matters, including any and all claims raised in the Consolidated Cases and/or arising out of, or related to, or connected with the matters referred to in paragraph B above, by way of compromise.
- E. The Parties along with PXP are entering into that certain Settlement Agreement and Mutual Release (the "Settlement Agreement") concurrently herewith. All Parties believe the Settlement Agreement to be fully lawful and enforceable but to assure the materials terms are effectuated in the event the Settlement Agreement is deemed unenforceable after the Consolidated Cases have already been dismissed, the Parties have agreed to enter into this Agreement which is a material inducement to Petitioners entering into the Settlement Agreement and dismissing the Consolidated Cases. In the event the Settlement Agreement is determined by a court of law in a final judgment to be null, void or otherwise unenforceable in whole or in material part, and the Consolidated Cases have been dismissed, the Parties desire that this Agreement shall cause to effectuate, to the extent practicable, the studies and mitigation which all Parties, including PXP, have agreed under the Settlement Agreement would be imposed in connection with the operations of the Oil Field.

TERMS OF AGREEMENT

NOW, THEREFORE, in consideration of the facts recited above and the covenants, conditions, and promises contained herein, the Parties agree as follows:

1. *Agreement Effective upon Conditions Subsequent.* Notwithstanding anything herein to the contrary, this Agreement shall be effective and the Parties agree to all of the following if and only if (a) the Settlement Agreement, or the County's approval thereof, is challenged by the filing of a petition for writ of mandate or any other action in any court, and (b) the Consolidated Cases have been dismissed pursuant to the terms of the Settlement Agreement (collectively "Conditions Subsequent").
2. *Amendment of CSD.* Upon the occurrence of the Conditions Subsequent, the County shall, within 30 days, initiate proceedings that seek to, and, use reasonable efforts, in compliance with good and lawful governmental practices, to amend the CSD (the "CSD Amendment") with regulations that are at least as protective of human health, safety and the environment as those set forth in Exhibit A. Exhibit A sets forth certain terms in the Settlement Agreement that all Parties, as well as PXP, agreed would apply to PXP's operation of the Oil Field. Nothing herein, shall be construed to divest the County of its legislative discretion, however, the matters described in Exhibit A shall be among the options discussed, studied and considered in at least one Staff Report to the Regional Planning Commission and Board of Supervisors regarding the CSD Amendment and shall note that these options were agreed to by all Parties and PXP in the Settlement Agreement.

3. *Implementation Guidelines.* In addition to its obligations to seek the CSD Amendment, the County shall implement and incorporate the following into its implementation guidelines:
 - a. *Landscaping.* PXP shall be required to prepare and implement a series of landscape plans ("Landscape Plans") that enhance the Mia Lehrer Landscape Improvements Concepts plan dated November 4, 2008 to include, but not be limited to, landscaping along or near the border of the Oil Field in consultation with the County and subject to the County's approval. Each of PXP's Landscape Plans shall be forwarded to the CAP for review. PXP shall also be required to use best efforts to complete installation of the first two phases of the Landscape Plan along La Brea, between Stocker and Slauson, and Ladera Crest, within nine (9) months of County's final approvals of each of those first two Landscape Plans using best landscaping practices. In addition, PXP shall be required to complete the landscaping required by the County-approved Landscape Plans within three years after approval by the County of the final phase.
 - b. *Clean Technology Assessment.* The existing CSD requires PXP to consider proven reasonable and feasible technological improvements which are capable of reducing the environmental impacts of drilling and re-drilling. (County Code section 22.44.142.E.26.f) The existing CSD also requires that the Annual Drilling Plan include a discussion of the latest equipment and techniques that are proposed for use as part of its drilling and re-drilling program to reduce environmental impacts. (County Code section 22.44.142.E.26.c.ix). Pursuant thereto, the County shall ensure that PXP be required to address, in each Annual Drilling Plan, the availability and feasibility of the use of natural gas-powered drill rigs or other technology capable of reducing environmental impacts, for the drilling of wells proposed in the Annual Drilling Plan (collectively, "Clean Technology").
4. *Studies and Other Requirements.* To the extent not already performed under the Settlement Agreement, the County shall be obligated to promptly perform each of the following:
 - a. *Health Assessment and Environmental Justice Study.* The County shall complete a Community Health Assessment of the communities surrounding the Oil Field which shall include an Environmental Justice component by June 2012 and ensure additional assessments are completed every five to seven years throughout the life of the CSD. In future Community Health Assessments, the County Department of Public Health ("Public Health") shall review other agencies' reports regarding air quality, water quality and seismic data, where feasible, in its assessment. Public Health will analyze the information by socio-economic and demographic data to accommodate and reflect an Environmental Justice component. The Community Health Assessment shall include, but not be limited to, an analysis of cancer rates, mortality rates, birth outcomes and a survey of other pertinent health indicators. The County will consult with the CAP and the Health Working Group regarding the Community Health Assessment and consider reasonable comments by the CAP and the Health Working Group. Public Health will comply with all

applicable state and federal requirements including Title VI of the Civil Rights Act of 1964 and corresponding regulations, and California Government Code Section 11135 and corresponding regulations.

- b. *Electrical Distribution Study.* The County shall propose to Southern California Edison ("SCE") and the Los Angeles Department of Water and Power ("DWP") that a study be conducted in cooperation with SCE, DWP, the County and PXP regarding opportunities to streamline and consolidate electrical lines distributed throughout the Oil Field and that SCE, DWP and PXP each fund one-fourth of the cost of such study. The County shall fund one-fourth of the cost of such study.
- c. *Air Quality Monitoring.* Supplemental to the air monitoring required by the existing CSD, the County shall develop and implement an air quality monitoring plan that takes into consideration review and comments from Petitioners, interested stakeholders and the public. Such air monitoring shall be designed to assess the risk of both acute and chronic exposure to air contaminants from Oil Field operations, and endeavor to determine and distinguish the source of emissions, to the extent feasible using available and affordable monitoring technology. Such air monitoring may be performed by SCAQMD, or an independent qualified consultant selected by County, and shall be commenced within 12 months of the date of this Agreement. The protocol for the air monitoring plan shall be peer reviewed prior to commencement. The plan shall be completed, and a peer reviewed report issued, within 12 to 24 months after commencement. The County commits to spending up to \$250,000 of its own funds toward implementing the plan and shall use reasonable efforts to seek additional funding sources if necessary to implement the plan.
- d. *Back-Up Flare.* The existing CSD (County Code section 22.44.142.L.5.b) allows PXP to maintain its existing gas plant flare on site as back-up equipment at the facility after the new flare, now permitted, is installed. The County interprets the provision of the CSD to only allow PXP to use the old flare if the new flare cannot be used for any reason, i.e., as a back up; and, only one gas plant flare will be allowed to operate at one time at the Oil Field. The County shall require PXP to implement the new flare within 180 days of the issuance of the SCAQMD Permit.
- e. *Clean technology.* During the Periodic Review provided in section 22.44.142 G.7, the County will evaluate Clean Technology for brand new equipment and require PXP to implement such Clean Technology to the extent the technology is feasible and available on a commercially reasonable basis.
- f. *Fracking Study.* The County shall cause an independent consultant to conduct a study of the feasibility and potential impacts (including impacts to groundwater and subsidence) of the types of fracturing operations PXP may conduct in the Oil Field. The study will also consider PXP's historic and current use of gravel packing. Such study and all the back-up information for such study shall be provided to a qualified peer reviewer selected by the County and PXP, who shall

review the study, back-up materials, and conclusions for completeness and accuracy. The County will cause PXP to provide the independent expert with all materials requested and reasonably necessary for an accurate and verifiable study. The peer reviewer will be provided with access to all the data and materials provided to the independent expert. The peer reviewer shall agree to keep all proprietary information confidential. If the peer reviewer determines that the study is materially inadequate, incomplete or inaccurate, it shall so advise the independent consultant who will complete the study as reasonably recommended by the peer reviewer and provide the revised study to the peer reviewer within 90 days. Upon acceptance by the peer reviewer, the study and all supporting material, including comments by the peer reviewer, shall be forwarded to the County, DOGGR, the RWQCB, the CAP and Petitioners and be available to the public, with any proprietary information redacted.

- g. *Payment of Attorneys Fees.* If not previously paid pursuant to the Settlement Agreement, within twenty (20) days of the occurrence of the Conditions Subsequent, County will pay Petitioners \$350,000 as settlement of County's share of each of Petitioners' claims for attorneys fees and costs by check payable to Greenberg Glusker Fields Claman & Machtinger LLP Client Trust Account and delivered to Greenberg Glusker Fields Claman and Machtinger; Attn: David Cranston. If paid prior to the occurrence of the Conditions Subsequent, County reaffirms and ratifies the obligation to make such payment and covenants not to seek the return of the such payment.

- 5. *Parties Bound.* This Agreement shall inure to the benefit of and shall be binding upon the successors and assigns of the Parties to this Agreement, and each of them. This Agreement may be enforced by any Party to the Agreement.
- 6. *Integration.* The Agreement constitutes a single, integrated written contract expressing the entire agreement of the Parties relative to the subject matter hereof and, with the sole and exclusive exception of any contemporaneous or subsequent written agreement between the Parties hereto subscribed by them or their duly authorized officers or agents, all prior and contemporaneous discussions and negotiations have been and are merged and integrated into, and are superseded by, this Agreement. Thus, no covenants, agreements, representations, or warranties of any kind whatsoever, whether express or implied in law or fact, have been made by any Party, except as specifically set forth in this Agreement or any contemporaneous or subsequent written agreement between the Parties subscribed by them or their duly authorized officers or agents. Notwithstanding anything herein to the contrary, this Agreement does not modify the Settlement Agreement and the Settlement Agreement remains in full force and effect. However, this Agreement is a contemporaneous or subsequent Agreement for purposes of Paragraph 20 of the Settlement Agreement but this Agreement shall have no force or effect unless and until the occurrence of the Conditions Subsequent.

7. *Additional terms.* Each of the Parties represents, warrants and agrees as follows:

- a. Each of the Parties has received prior independent legal advice from legal counsel of its choice with respect to the advisability of making the settlement provided for herein and with respect to the advisability of executing this Agreement. Each Party's attorney has reviewed the Agreement at length, made any desired changes, and signed the Agreement to indicate the attorney approved the Agreement as to form.
- b. Except for statements expressly set forth in this Agreement, no Party has made any statement or representation to any other Party regarding a fact relied upon by the other Party in entering into this Agreement and no Party has relied upon any statement, representation, or promise of any other Party, or of any representative or attorney for any other Party, in executing this Agreement or in making the settlement provided for herein.
- c. Each of the Parties has read the Agreement carefully, knows and understands the contents thereof, and has made such investigation of the facts pertaining to the settlement and this Agreement and of all matters pertaining hereto as it deems necessary and desirable.
- d. The terms of the Agreement are contractual; not a mere recital, and are the result of negotiations between the Parties.
- e. Each of the Parties to the Agreement agrees that such Party will not take any action which would interfere with the performance of this Agreement by any of the other Parties or which would adversely affect the rights provided for herein.
- f. This Agreement is intended to be final and binding between the Parties and further intended to be effective as a full and final accord and satisfaction between them as to any issue or claim arising out of, related to, or connected with the matters referred to in paragraphs A, B and C of the Recitals in this Agreement. Each Party relies on the finality of this Agreement as a material factor inducing that Party's execution of this Agreement.
- g. The failure by any Party to insist on performance of any of the terms or conditions of this Agreement shall not void any of the terms or conditions hereto, or constitute a waiver or modification of any of the terms or conditions hereto, nor be construed as a waiver or relinquishment by such Party of the performance of any such terms or conditions.

8. *Modifications.* No modification, amendment or waiver of any of the provisions contained in this Agreement, or any future representation, promise or condition in connection with the subject matter of this Agreement, shall be binding upon any Party unless made in writing and signed by such Party or by a duly authorized officer or agent of Party, and except that the County, as required by law, retains the right to amend the CSD, so long as done pursuant to the requirements of law and consistent

with any applicable obligations contained herein, but not limited to the CSD Amendment referenced herein.


9. *Execution.* This Agreement may be executed and delivered in any number of counterparts or copies ("Counterparts") by the Parties. Signatures may be provided via facsimile or electronically in PDF format. When each Party has signed and delivered at least one counterpart to the other Parties, each counterpart shall be deemed an original and, taken together, shall constitute one and the same Agreement, which shall be binding and effective as to the Parties.
10. *Authority to Execute.* Each Party executing this Agreement further represents and warrants that each has the full right and authority to enter into and perform this Agreement on behalf of the Party for whom each has signed and the full right and authority to bind fully said party to the terms and obligations (including, without limitation, the representations and warranties set forth herein) of this Agreement. The execution and delivery of this Agreement and the performance of the Parties' obligations have been or will be duly authorized by all necessary actions on the part of each of the Parties. This Agreement constitutes the legal, valid and binding obligations on, and of, the Parties.
11. *Severability Provision.* Should any provision of this Agreement be declared or determined by any court of competent jurisdiction to be illegal, invalid or void, or otherwise unenforceable, it shall be deemed severable from the remainder of the Agreement and shall in no way affect, impair or invalidate any provision thereof.
12. *Covenant Not to Sue.* Each Party covenants not to assert any claim, right or defense that the Agreement is illegal, invalid, void or unenforceable and irrevocably waives any such claim, right or defense.
13. *Remedies for Breach.* The terms of this Agreement may be enforced by bringing a breach of contract claim, or any other appropriate claim, in a court of competent jurisdiction.
14. *Governing Law.* This Agreement shall be construed and enforced in accordance with the laws of the State of California where it is deemed to have been executed and delivered.
15. *Captions and Headings.* Captions and paragraph headings used herein are for convenience only. They are not a part of this Agreement and shall not be used in construing it.
16. *Survival and Termination Date.* Each and all of the covenants, representations and warranties of the Parties set forth in this Agreement shall survive the execution and delivery of this Agreement and the execution and delivery of any other document provided for herein. This Agreement and all of its terms shall terminate on January 1, 2028.

17. *Good Faith Provision.* The Parties agree to cooperate fully, reasonably, and in good faith in the implementation of this Agreement. The Parties also agree to take all additional lawful and reasonable actions which may be necessary or appropriate to give full force and effect to the basic terms and to fully implement the goals and intent of this Agreement.

IN WITNESS WHEREOF, the Parties and their respective attorneys of record have approved and executed this Agreement on the dates specified below:

**RESPONDENT
COUNTY OF LOS ANGELES, CALIFORNIA**

Date: July 14, 2011

By: 
ELAINE M. LEMKE,
Principal Deputy County Counsel
Property Division

PETITIONERS

MARK SALKIN

Date: _____, 2011

MARK SALKIN, as an individual

COMMUNITY HEALTH COUNCILS, INC.

Date: _____, 2011

By: _____
Its: _____

NATURAL RESOURCES DEFENSE COUNCIL

Date: _____, 2011

By: _____
Its: _____

CITY OF CULVER CITY

Date: _____, 2011

By: _____
Its: _____

17. *Good Faith Provision.* The Parties agree to cooperate fully, reasonably, and in good faith in the implementation of this Agreement. The Parties also agree to take all additional lawful and reasonable actions which may be necessary or appropriate to give full force and effect to the basic terms and to fully implement the goals and intent of this Agreement.

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Date: _____, 2011

By: _____
ELAINE M. LEMKE,
Principal Deputy County Counsel
Property Division

PETITIONERS

MARK SALKIN

Date: July 14, 2011

Mark Salkin
MARK SALKIN, as an individual

COMMUNITY HEALTH COUNCILS, INC.

Date: _____, 2011

By: _____
Its: _____

NATURAL RESOURCES DEFENSE COUNCIL

Date: _____, 2011

By: _____
Its: _____

CITY OF CULVER CITY

Date: _____, 2011

By: _____
Its: _____

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COUNTY OF LOS ANGELES, CALIFORNIA**

Date: _____, 2011

By: _____
ELAINE M. LEMKE,
Principal Deputy County Counsel
Property Division

PETITIONERS

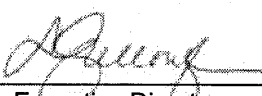
MARK SALKIN

Date: _____, 2011

MARK SALKIN, as an individual

COMMUNITY HEALTH COUNCILS, INC.

Date: 7/18/2011, 2011

By: 
Its: Executive Director

NATURAL RESOURCES DEFENSE COUNCIL

Date: _____, 2011

By: _____
Its: _____

CITY OF CULVER CITY

Date: _____, 2011

By: _____
Its: _____

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**RESPONDENT
COUNTY OF LOS ANGELES, CALIFORNIA**

Date: _____, 2011

By: _____
ELAINE M. LEMKE,
Principal Deputy County Counsel
Property Division

PETITIONERS

MARK SALKIN

Date: _____, 2011

MARK SALKIN, as an individual

COMMUNITY HEALTH COUNCILS, INC.

Date: _____, 2011

By: _____
Its: _____

NATURAL RESOURCES DEFENSE COUNCIL

Date: July 11, 2011

By: Darwin Najani Darwin K. Najani
Its: STAFF ATTORNEY

CITY OF CULVER CITY

Date: _____, 2011

By: _____
Its: _____

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**RESPONDENT
COUNTY OF LOS ANGELES, CALIFORNIA**

Date: _____, 2011

By: _____
ELAINE M. LEMKE,
Principal Deputy County Counsel
Property Division

PETITIONERS

MARK SALKIN

Date: _____, 2011

MARK SALKIN, as an individual

COMMUNITY HEALTH COUNCILS, INC.

Date: _____, 2011

By: _____
Its: _____

NATURAL RESOURCES DEFENSE COUNCIL

Date: _____, 2011

By: _____
Its: _____

CITY OF CULVER CITY

Date: _____, 2011

By:  _____
Its: Mayor _____

**CONCERNED CITIZENS OF SOUTH
CENTRAL LOS ANGELES**

Date: 7/12, 2011

By: Nouva E. [Signature]
Its: Vice President/ Executive Director

**CITIZEN'S COALITION FOR A SAFE
COMMUNITY**

Date: _____, 2011

By: _____
Its: _____

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**CONCERNED CITIZENS OF SOUTH
CENTRAL LOS ANGELES**

Date: _____, 2011

By: _____
Its: _____

**CITIZEN'S COALITION FOR A SAFE
COMMUNITY**

Date: July 12, 2011

By: Herb J. Gless
Its: President

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APPROVED AS TO FORM

COUNTY OF LOS ANGELES OFFICE OF THE
COUNTY COUNSEL

Date: July 11, 2011

By: ELM for
ELAINE M. LEMKE
Attorneys for Respondents COUNTY OF LOS
ANGELES AND LOS ANGELES COUNTY
BOARD OF SUPERVISORS

**HARDING LARMORE KUTCHER & KOZAL
LLP**

Date: _____, 2011

By: _____
KENNETH L. KUTCHER
Attorney for Petitioners COMMUNITY
HEALTH COUNCILS; NATURAL
RESOURCES DEFENSE COUNCIL & MARK
SALKIN

NATURAL RESOURCES DEFENSE COUNCIL

Date: _____, 2011

By: _____
DAMON NAGAMI
Attorney for Petitioners COMMUNITY
HEALTH COUNCILS; NATURAL
RESOURCES DEFENSE COUNCIL & MARK
SALKIN

**GREENBERG GLUSKER FIELDS CLAMAN &
MACHTINGER LLP**

Date: _____, 2011

By: _____
DAVID E. CRANSTON
Attorney for Petitioner CITY OF CULVER CITY

APPROVED AS TO FORM


**COUNTY OF LOS ANGELES OFFICE OF THE
COUNTY COUNSEL**

Date: _____, 2011

By: _____
ELAINE M. LEMKE
Attorneys for Respondents COUNTY OF LOS
ANGELES AND LOS ANGELES COUNTY
BOARD OF SUPERVISORS

**HARDING LARMORE KUTCHER & KOZAL
LLP**

Date: July 14, 2011

By: 
KENNETH L. KUTCHER
Attorney for Petitioners COMMUNITY
HEALTH COUNCILS; NATURAL
RESOURCES DEFENSE COUNCIL & MARK
SALKIN

NATURAL RESOURCES DEFENSE COUNCIL

Date: _____, 2011

By: _____
DAMON NAGAMI
Attorney for Petitioners COMMUNITY
HEALTH COUNCILS; NATURAL
RESOURCES DEFENSE COUNCIL & MARK
SALKIN

**GREENBERG GLUSKER FIELDS CLAMAN &
MACHTINGER LLP**

Date: _____, 2011

By: _____
DAVID E. CRANSTON
Attorney for Petitioner CITY OF CULVER CITY

APPROVED AS TO FORM

**COUNTY OF LOS ANGELES OFFICE OF THE
COUNTY COUNSEL**

Date: _____, 2011

By: _____
ELAINE M. LEMKE
Attorneys for Respondents COUNTY OF LOS
ANGELES AND LOS ANGELES COUNTY
BOARD OF SUPERVISORS

**HARDING LARMORE KUTCHER & KOZAL
LLP**

Date: _____, 2011

By: _____
KENNETH L. KUTCHER
Attorney for Petitioners COMMUNITY
HEALTH COUNCILS; NATURAL
RESOURCES DEFENSE COUNCIL & MARK
SALKIN

NATURAL RESOURCES DEFENSE COUNCIL

Date: July 11, 2011

By: *Damon K. Nagami*
DAMON NAGAMI
Attorney for Petitioners COMMUNITY
HEALTH COUNCILS; NATURAL
RESOURCES DEFENSE COUNCIL & MARK
SALKIN

**GREENBERG GLUSKER FIELDS CLAMAN &
MACHTINGER LLP**

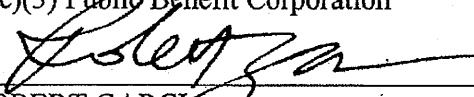
Date: July 14, 2011

By: *D. E. Cranston*
DAVID E. CRANSTON
Attorney for Petitioner CITY OF CULVER CITY

Date: July 11, 2011

THE CITY PROJECT

A 501(c)(3) Public Benefit Corporation

By: 
ROBERT GARCIA
Attorney for Petitioner CONCERNED
CITIZENS OF SOUTH CENTRAL LOS
ANGELES

LAW OFFICES OF TODD T. CARDIFF

Date: _____, 2011 By: _____
TODD T. CARDIFF
Attorney for Petitioner CITIZENS
COALITIONS FOR A SAFE COMMUNITY

THE CITY PROJECT

A 501(c)(3) Public Benefit Corporation

Date: _____, 2011

By: _____

ROBERT GARCIA

Attorney for Petitioner CONCERNED
CITIZENS OF SOUTH CENTRAL LOS
ANGELES

LAW OFFICES OF TODD T. CARDIFF

Date: July 13, 2011

By: _____

TODD T. CARDIFF

Attorney for Petitioner CITIZENS
COALITIONS FOR A SAFE COMMUNITY

EXHIBIT A

1. Slant Drilling.

- a. *Deep Zone Wells.* Pursuant to the existing CSD, PXP is required to develop and submit to the County an annual drilling, redrilling, well abandonment and well pad restoration plan ("Annual Drilling Plan"). For any and each well that PXP proposes to drill where the Top Hole (as defined in paragraph 1.e below) is closer than 800 feet to a Sensitive Developed Area (as defined in paragraph 1.e below) and the Bottom Hole (as defined in Paragraph 1.e below) is located in any deep zone (presently identified as the Nodular Shale and Sentous zones and any other zones approximately 8,000 feet or deeper), as a supplement to its Annual Drilling Plan ("Deep Zone Supplement"), PXP is to provide a study of the technical feasibility and commercial reasonability of Slant Drilling (as defined in paragraph 1.e below) each of the new deep zone wells in order to locate the Top Hole of any such well away from any Sensitive Developed Area in order to further mitigate potential impacts to such Areas. The Deep Zone Supplement will be reviewed by the County and County-retained expert or experts as part of the County's review of the Annual Drilling Plan. This study will provide a narrative to justify the proposed surface location and shall provide sufficient detail to allow the County to review the extent to which it may be technically feasible and commercially reasonable to locate the Top Hole away from Sensitive Developed Areas in order to further mitigate potential impacts to such Areas and still reach the targeted Bottom Hole location. PXP shall provide to the County any additional information as may be reasonably requested by the County or its expert which is necessary to complete its review. If such information is considered proprietary, the County and its expert will enter into a confidentiality agreement with PXP to protect such information. The narrative will be reviewed by the Director of Regional Planning prior to the approval of the Deep Zone Supplement. If approved by the Director, PXP will Slant Drill in order to locate the Top Hole away from Sensitive Developed Areas consistent with the narrative prepared by PXP that justifies the surface location.
- b. *Mid-Zone Wells.* For wells where the Top Hole is closer than 800 feet to a Sensitive Developed Area and the Bottom Hole is located in a mid-zone (approximately 3,500 to 7,999 feet deep, presently identified as the Rubel, Moynier, Bradna and City of Inglewood zones), PXP shall document such locations in a supplement to the Annual Drilling Plan ("Mid-Zone Supplement"). PXP shall use commercially reasonable efforts to locate new mid-zone wells and well pads away from Sensitive Developed Areas in order to further mitigate impacts to such Areas. The Mid-Zone Supplement shall explain why it is not technically feasible and commercially reasonable to locate the Top Hole away from Sensitive Developed Areas in order to further mitigate impacts to such Areas. The referenced mid-zone well pad assessment will be reviewed by County-retained experts and the County. PXP shall provide to the County any additional information as may be reasonably requested by the County or its expert which is necessary to complete its review. If such information is considered

proprietary, the County and its expert will enter into a confidentiality agreement with PXP to protect such information. The County shall approve the mid-zone well locations as part of its review of the Mid-Zone Supplement if consistent with this paragraph.

- c. *Shallow Wells.* Drilling of wells where the Bottom Hole is less than approximately 3,500 feet deep ("Shallow Wells") and above the zones identified in 1(b) as mid-zones, shall be located away from Developed Areas (as defined in the CSD) and shall be identified in the Annual Drilling Plan. Drilling of Shallow Wells may proceed pursuant to said drilling plan after the County approves the portion of the Annual Drilling Plan related to Shallow Wells as set forth in the CSD.
- d. *Supplement Review.* Upon receipt, the County shall promptly forward the Drilling Plan Supplements ("Supplements" defined to be a Deep Zone Supplement, a Mid-Zone Supplement, or both) filed by PXP to the Community Advisory Panel ("CAP") established pursuant to the CSD for its review and comment. The County will allow the CAP or CAP members two weeks from the date the County provided Supplements to the CAP to provide their written comments on the Supplement to the County. The County may review and approve the Annual Drilling Plan and related Supplements in phases consistent with the terms herein, but shall conduct its review of the Annual Drilling Plan and Mid-Zone Supplement within 45 calendar days after their submission to the County and either approve the Supplement or provide PXP with a list of deficiencies within that 45-day timeframe as set forth in the CSD. The Drilling Plan Supplements will only include the study referenced in 1(a) and other relevant or required information related to the location of proposed wells. The County shall conduct its review of the Deep Zone Supplement within 45 calendar days after its submission and either approve the Supplement or provide PXP with a list of deficiencies within that 45-day timeframe after considering any timely CAP comments concerning the Deep Zone Supplement. The County will not delay its review of the Annual Drilling Plan or any supplements thereto. PXP may drill any wells approved under the Annual Drilling Plan regardless of the status of the County's review of the Supplements. Similarly, PXP may drill any wells approved under a Supplement regardless of the status of the Annual Drilling Plan review and approval. Changes to well pad locations that result from review of the Supplements will not require resubmittal of the Annual Plan or delay any drilling under the Annual Plan, beyond the time necessary to implement such changes.
- e. *Definitions.* "Top Hole" shall mean the surface location from which drilling is commenced. "Bottom Hole" shall mean the underground location at which drilling terminates. "Slant Drilling" shall mean non-vertical drilling, directional drilling, or drilling at a relatively significant angle. "Sensitive Developed Area" shall mean a lot or parcel that contains a single or multi-family residence, existing park, school or health care facility.

- f. *Environmental Consideration.* The County shall lessen or disapprove any otherwise required Slant Drilling if more remote drilling would result in more significant adverse environmental impacts on balance and the County shall consider any timely comments by the CAP assessing this balance
 - g. *Non-interference.* The items in this paragraph 1 of the Agreement shall be construed in connection with the entire CSD. Except as expressly set forth above, this paragraph shall not be construed to interfere with PXP's business in the Oil Field.
2. Noise.
- a. The existing CSD provides that hourly, A-weighted equivalent noise levels associated with drilling, redrilling and reworking wells shall not elevate baseline levels (which shall not include drilling, redrilling or reworking operations) by more than five A-weighted decibels ("dBA") at the Oil Field boundary of any Developed Area. Instead of the referenced five dBA provision, PXP shall limit the night time (10 p.m. to 7 a.m.) noise levels at Developed Areas to no more than three dBA above a one-hour baseline average for the defined nighttime period, but at no time will PXP be required to maintain noise levels below the baseline nighttime noise levels. Furthermore, PXP and the County determined the baseline noise levels at four additional Oil Field boundary locations near Developed Areas, selected by PXP and the County, in addition to the seven utilized in the EIR for a total of 11 locations. If PXP violates the above noise requirements, no new drilling or redrilling permits shall be issued by the County until PXP, in consultation with the County, identifies the source of the noise and PXP takes steps necessary to assure compliance with the above-specified threshold.
 - b. If drilling, redrilling or reworking operations elevate nighttime baseline noise levels by more than 10 dBA for more than 15 minutes in any one hour as independently verified and determined by the County, PXP, in consultation with the County, shall identify the cause and source of the noise and takes steps to avoid such extended periods of noise elevation in the future. This provision does not negate the CSD noise limits between 7 a.m. to 10 p.m.
3. *Number of Drill Rigs.* Notwithstanding the CSD's allowance for operation of a maximum of three drill rigs at any one time on the Oil Field, PXP shall limit to two the number of drill rigs in use at any one time.
4. *Number of wells.* Notwithstanding the aggregate and annual well-drilling limits in the CSD, PXP shall comply with the following limits:
- a. Notwithstanding Section 22.44.142.H of the CSD, no more than 500 new wells (inclusive of Bonus Wells and wells drilled since approval of CSD) shall be drilled pursuant to the CSD (hereinafter "Director's Review") through October 1, 2028, or during the remaining life of the CSD, whichever is later.

- b. Until such time as PXP has drilled or redrilled 50 wells, or 24 months from the date of this Agreement, whichever is sooner ("Time Period One"), no more than 30 wells may be drilled or re-drilled in any calendar year pursuant to a Director's Review as set forth in the CSD (hereinafter Director's Review). At the end of Time Period One, and if the County determines, pursuant to its review of the CSD by the Director of Regional Planning, that the CSD has been effective in protecting the health, safety, and general welfare of the public, thereafter (the "Full Operational Period") no more than 35 wells may be drilled or re-drilled in the calendar year pursuant to Director's Review.
 - c. In Time Period One, for each well abandoned within 800 feet of any Developed Area (the "800-foot zone") by PXP since adoption of the CSD and in full compliance with the California Department of Conservation's Division of Oil, Gas and Geothermal Resources ("DOGGR") standards for abandonment at the time of abandonment, PXP may drill two additional new wells outside of the 800-foot zone (hereinafter "Bonus Wells"), up to a maximum of 45 drilled and re-drilled wells (30 wells plus 15 Bonus Wells) in any calendar year within Time Period One pursuant to Director's Review and subject to review and approval in the Annual Drilling Plan. Subject to the annual and aggregate limits on number of wells, Bonus Wells earned by abandonment may be drilled at any time during the life of the CSD.
 - d. In the Full Operational Period, for each well abandoned within the 800-foot zone, PXP may drill two additional new wells outside the 800-foot zone up to a maximum of 53 drilled and re-drilled wells (35 wells plus 18 Bonus Wells) in that year pursuant to Director's Review and subject to review and approval in the Annual Drilling Plan. Subject to the aggregate and annual limits on number of wells, Bonus Wells earned by abandonment may be drilled at any time during the life of the CSD.
 - e. The Developed Area as used in the CSD with respect to the 400-foot buffer zone (Section 22.44.142.E.) shall remain unchanged (static or fixed) from what it was determined to be on the effective date of the CSD.
5. *Clean-Up Plan.* The CSD requires PXP to decommission and remove facilities that have reached the end of their useful economic life (County Code section 22.44.142.E.21.a) and submit to the County for its approval an unused or abandoned equipment removal plan (County Code section 22.44.142.L.14). PXP has submitted such a plan in 2009. PXP shall periodically update the plan should additional equipment, not identified in PXP's original removal plan, become unused or abandoned. Equipment and materials not necessary to oil field operations as identified by the Director of Planning shall be promptly removed from view of Sensitive Developed Areas as addressed in the plan.
6. *CSD Review Based On Reduced Production.* When production drops to three percent of the estimated peak production to date of 21,000 barrels of oil per day, the County

will review the CSD to consider whether modifications or closure of the Oil Field is necessary or appropriate or at such earlier date as the County determines is appropriate.